NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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CALIFORNIA TREASURER ANGELIDES, SEVEN OTHER TREASURERS AND COMPTROLLERS FROM ACROSS COUNTRY, ISSUE 10-POINT "CALL FOR ACTION" ON GLOBAL WARMING RISKS TO SEC, WALL STREET INVESTORS AND CORPORATE BOARDS

Angelides, Participating in UN Gathering with UN Secretary-General Kofi Annan, Former Vice President Al Gore and Environmental Investment Leaders, Joins in Announcing New Network of Top Pension Funds and Wall Street Firms

NEW YORK – California Treasurer Phil Angelides and seven other treasurers and comptrollers from across the country – representing more than $1 trillion in public pension fund assets – met today at the United Nations to issue a 10-point "call for action" demanding tough new steps by the U.S. Securities and Exchange Commission (SEC), corporate boards and Wall Street firms to provide investors with increased disclosure and analysis of the risks posed by climate change.

Angelides, joined by treasurers and comptrollers from Connecticut, Maine, New Mexico, New York City, New York State, Oregon, and Vermont, also formed the "Investor Network on Climate Risk" to continue their joint actions on the issue. The officials said that they planned a variety of actions including: immediately petitioning the SEC for enforcement of environmental risk disclosure requirements; filing 2004 global-warming shareholder resolutions at companies in the oil and gas, electric power, automobile and financial sectors; and urging their state-level peers to vote their proxies on those resolutions seeking disclosure of risks associated with greenhouse gas emissions and the reduction of those emissions. (For details on the 10-point action plan and the charter document for the Network, go to http://www.incr.com on the Web.)

In addition to Angelides, the members of the Network and signers of the 10-point call for action include Oregon Treasurer Randall Edwards; New York State Comptroller Alan Hevesi; Maine Treasurer Dale McCormick; Connecticut Treasurer Denise Nappier; Vermont Treasurer Jeb Spaulding; New York City Comptroller William Thompson; and New Mexico Treasurer Robert Virgil.

Today's announcements were made at the Institutional Investor Summit on Climate Risk, a meeting of state investment officials, public pension funds and Wall Street fund management firms. The summit was organized by CERES, a U.S.-based coalition of investment funds and public interest groups, and co-chaired by Connecticut Treasurer Nappier and United Nations Foundation President and former U.S. Senator Timothy Wirth. The UN gathering also was supported by the UN Fund for International Partnerships, the UN Environment Programme, and other UN agencies. Former Vice President Al Gore, currently vice chairman of Metropolitan West Financial, and UN Secretary-General Kofi Annan also participated in today's conference.

California Treasurer Angelides said: "In global warming, we are facing an enormous risk to the U.S. economy and to retirement funds that Wall Street has so far chosen to ignore. The corporate scandals over the last couple of years have made it clear that investors need to pay more attention to corporate practices that affect long-term value. As fiduciaries, we must take it upon ourselves to identify the emerging environmental challenges facing the companies in which we are shareholders, to demand more information, and to spur needed actions to respond to those challenges."

Connecticut Treasurer Nappier said: "Companies that fail to adequately disclose potential liabilities related to climate risk and financial analysts who ignore the potential financial risks of investments in these companies run the risk of fueling the next governance crisis. As investors, we can not afford any more casualties of corporate irresponsibility or regulatory loopholes."

New York State Comptroller Hevesi said: "Today, we are taking aim at the SEC for not enforcing key rules on disclosure of environmental issues. We are focusing on corporate boards for coming up short on corporate governance by failing to analyze and disclose climate changes risks. And we are also putting Wall Street fund management firms on notice that they will have to develop analyses of climate change risk for portfolio companies and industries."

Also in attendance at the summit were trustees of Los Angeles and New York City, the heads of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), and representatives of the New York State Teachers' Retirement System and the Michigan Municipal Employee Retirement System. Wall Street representatives included the firms of Bank of America, Barclays, Goldman Sachs, Lazard Asset Management, Merrill Lynch, and State Street.

UN Foundation President Timothy Wirth said: "While critics have often accused Wall Street of taking the short-term view, the pension fund leaders who supported this meeting have realized that to protect their retirees they must take the long view of climate change. In doing so, they are discovering important common ground with the UN, which is also dedicated to expanding global prosperity."

CERES Executive Director Mindy Lubber said: "This event demonstrates that major institutional investors are aware that climate change is likely to harm not only our planet but also our pocketbooks and our pension checks. The treasurers and other fiduciaries at the UN have a lot of questions for their fund managers, and we hope they get the answers quickly."

<u>10-POINT ACTION PLAN</u>

The public finance officials' 10-point action plan calls for the following actions:

1. The Securities and Exchange Commission (SEC) to enforce corporate disclosure requirements under regulation S-K on material risks such as climate change and to strengthen current disclosure requirements – as requested by investors and others in recent petition to the SEC (File # 4-163). Current SEC disclosure regulations require registrants to disclose trends and uncertainties that are likely to have a reasonable impact on a company's operations. Studies show that many companies are failing to adequately disclose climate change-related risks to their shareholders in accordance with these rules. Furthermore, strengthening the current accounting rules governing the estimation and disclosure of environmental liabilities would lead to better transparency.

2. The SEC to re-interpret or change its proxy rules under Section 14(a)-8 relating to "ordinary business" to recognize that shareholders should have the right to vote on resolutions asking their companies to report on financial risks that may be faced due to climate change.

3. Boards of directors of companies under the principle of "duty of care" to ask corporate management to provide them with information and analysis on the potential financial risk to the company from climate change, and plans to mitigate any risk, and to report this information to shareholders.

4. Companies in sectors that are the major source of greenhouse gas emissions – including automobile manufacturing, electricity generation, and oil and gas production and refining – to prepare a report for shareholders with financial analysis (at reasonable cost and omitting proprietary information) on how the company may be affected by regulatory, competitive, legal, and physical impacts of climate change.

5. Companies that are not sources of greenhouse gases, but whose operations may be affected by climate change, to analyze the potential impact of climate change on the company and report the results of that analysis to shareholders.

6. Investment managers, who manage funds for us and other institutional investors and who make recommendations for the buying or selling of stock, to include in their examination of corporations, sectors, and managed funds an analysis of the potential financial impact of climate change.

7. Institutional investors –including mutual funds, pension funds, foundations, endowments – to adopt proxy voting guidelines which support the disclosure of the potential financial risk of companies in which they invest due to climate change and to vote for shareholder resolutions requesting disclosure of this information.

8. The U.S. Congress and the Executive Branch, when developing policies to address greenhouse gas emissions, to assess the future financial impact of climate change on the value of our long-term investments.

9. We encourage state governments, (and their regional organizations), to assess the potential financial impact of climate change on their states, and businesses that operate in them.

10. Finally, to follow through on the Institutional Investor Summit on Climate Risk and this Call for Action, and to further promote investor and corporate engagement and understanding of the range of risks posed by climate change, we will support the creation of an Investor Network on Climate Risk (INCR).

GLOBAL WARMING BACKGROUND

Industry sectors that contribute to global warming through major emissions of carbon dioxide, and are therefore vulnerable to new regulation and possible future legal action, include: electric power, transportation (including auto), oil and gas, and some manufacturing. Recent studies have also suggested that because U.S. companies are not currently subject to carbon dioxide regulation in the U.S., they are falling behind their foreign counterparts in developing new, carbon-free technologies, and will hold costly "carbon burdens" in global emissions trading markets. Industries identified as vulnerable to the effects of global warming itself include: agriculture, fisheries, forestry (pulp and paper), insurance, real estate, tourism, and water.